

To: ONE Joint Investment Board
From: Evelyn Foo, Chief Compliance Officer, ONE Investment
Date: November 17, 2021
Re: Anti-Money Laundering Regime and Policy
Report: ONE JIB-O4O-21

1. RECOMMENDATIONS

It is recommended that the Board:

1. Receive the Anti-Money Laundering Policy.

2. SUMMARY

The ONE Investment Board met on October 15, 2021, and approved the Anti-Money Laundering Policy, attached in Appendix A, which was reviewed by ONE's Audit Committee on September 26, 2021.

This report provides an overview of ONE Investment's regime to meet its obligations under the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* and its related regulations (referenced as Anti-Money Laundering), including any guidance provided by the Financial Transactions and Reports Analysis Centre of Canada ("FINTRAC")

3. BACKGROUND

As a participant in the investment industry, ONE Investment is obligated to comply with rules and requirements set out under Anti-Money Laundering. The Financial Transactions and Reports Analysis Centre of Canada is the federal agency responsible for administering and analyzing information that has been filed with it pursuant to the requirements of the Regulation. The Financial Transactions and Reports Analysis Centre of Canada works closely with the various regulators in Canada, including the Ontario Securities Commission, on consolidating reporting and reviewing firms under their respective jurisdictions.

The Chief Compliance Officer (CCO) is responsible for ensuring that ONE Investment is compliant with Anti-Money Laundering.

4. ANALYSIS

ONE Investment is committed to compliance

ONE Investment is committed to compliance with Canada's Anti-Money Laundering regime and has developed a Policy specific to municipalities investing under the Prudent Investment Offering. It is attached as Appendix A. As ONE Investment deals exclusively with Ontario municipalities and does not deal with any cash, its Anti-Money Laundering risk is ranked as low.

Key aspects of Anti-Money Laundering procedures are outlined below:

1. **Know Your Client and Record Keeping Requirements**

ONE Investment deals exclusively with municipalities, which are deemed to be public bodies under the Anti-Money Laundering regulation and are exempted from the following record keeping and know your client requirements:

- a. Collecting a signature card and certain specified information upon account opening;
- b. Collecting certain information on any unnamed persons who may be directing account activity (i.e., unnamed third parties);
- c. Verifying the identity of individuals who have signing authority over an account;
- d. Collecting certain information on any named person having a direct or indirect beneficial ownership in the account; and,
- e. Collecting the name of the Directors of the municipal corporation.

2. **Politically Exposed Persons and Heads of International Organizations**

ONE Investment deals exclusively with Ontario municipalities and is prohibited under the terms of its exemption with the Ontario Securities Commission from opening accounts for any other individual or entity.

3. **Other Anti-Money Laundering Exemptions**

ONE Investment does not currently receive or handle physical cash and does not presently have any branches or subsidiaries that handle cash. Therefore, those procedures are not applicable.

4. **Retention of Records Created in the Normal Course of Business**

ONE Investment and its staff must ensure the retention of all investor-related documents created in the ordinary course of its activities, which include: physical and electronic communications, account documentation, and investor reporting, all of which will be retained for at least five years after closure of the account

5. **Investor Risk Assessment and Suspicious Transaction Reporting**

ONE Investment is required to assess the risk that investors with whom they are dealing are or are likely to be engaged in a money laundering or terrorist financing activity. ONE Investment deals exclusively with municipalities and these entities have been assigned a low risk ranking on the basis that they are public bodies.

6. **Training**

An annual seminar to discuss ONE Investment's policies and procedures related to anti-money laundering to ONE staff.

7. **Annual Review and Update of ONE's procedures with respect to anti-money laundering.**

5. CONCLUSION

Although many aspects of AML may not be applicable or are low risk, ONE is developing a compliance framework, including a policy, procedures and staff training. The approval of the Anti-Money Laundering Policy is a critical component of the framework. The CCO will review the anti-money laundering procedures at least annually to ensure that the profile of the clients and transactions continue to be aligned with AML requirements.

Drafted by: Evelyn Foo, Chief Compliance Officer ONE Investment
Approved by: Judy Dezell and Donna Herridge, Co-Presidents/CEO